

FISCAL NOTE

SB 1133 - HB 1781

April 4, 2005

SUMMARY OF BILL: Authorizes private contractors operating in government-owned facilities to bring tangible personal property into the state on a temporary basis for testing or for use in testing without being liable for use tax on such property.

ESTIMATED FISCAL IMPACT:

Decrease State Revenues – Exceeds \$5,000,000

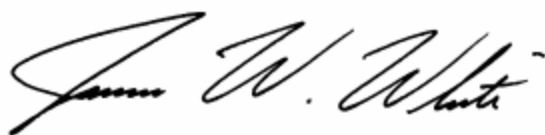
Decrease Local Govt. Revenues – Exceeds \$1,000,000

Assumptions:

- Applies only to property that is the subject of the test being performed.
- Property must be incorporated before testing occurs.
- Exemption does not apply to any equipment, machinery, or other property used to conduct the test.
- Enactment of this bill would allow tangible personal property owned by any government or any private entity to be imported for testing without incurring use tax liability.
- An estimate of taxpayers who could potentially be affected by this bill was generated. This group of taxpayers remitted approximately \$10.0 million in use taxes in FY04.
- One-half of reported tax attributable to tangible personal property that was imported into the state for testing.
- Decrease of state tax revenue resulting from this tax exemption is estimated to exceed \$5.0 million.
- Decrease of local government tax revenue resulting from this tax exemption is estimated to exceed \$1.0 million.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "James W. White".

James W. White, Executive Director